

Examining the Impact of High-Performance Work Practices on Employee Engagement Through Ethical Decision-Making

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Abstract

This study examines the influence of high-performance work practices on employee engagement and investigates the mediating role of ethical decision-making. The practices assessed include recruitment and selection, training and development, performance appraisal, employee participation, compensation and rewards, and job security. The proposed relationships were evaluated using partial least squares structural equation modelling. The measurement model demonstrated satisfactory indicator reliability, internal consistency, convergent validity, and discriminant validity. The structural model results revealed that training and development had the strongest positive effect on employee engagement, followed by employee participation and recruitment and selection. Performance appraisal and compensation and rewards showed positive but statistically insignificant direct effects. Job security had a significant negative effect on employee engagement, contrary to the proposed relationship. Ethical decision-making significantly mediated the relationships between employee engagement and five practices: recruitment and selection, training and development, performance appraisal, employee participation, and compensation and rewards. Its mediating effect was not significant for job security. These findings demonstrate that the existence of formal human resource practices alone may not be sufficient to improve employee engagement. Their effectiveness largely depends on whether they are implemented fairly, transparently, consistently, and responsibly. The study contributes to strategic human resource management by identifying ethical decision-making as an important mechanism connecting high-performance work practices with employee engagement. Organisations should prioritise continuous employee development, meaningful participation, transparent recruitment, objective performance appraisal, and equitable reward allocation while embedding ethical principles throughout human resource decision-making. Further research should investigate the unexpected negative relationship between job security and employee engagement across different organisational and employment contexts.

Keywords: High-performance work practices; Employee engagement; Ethical decision-making; Human resource management; Employee participation; Training and development

Introduction

In today's business world, organisations are faced with more and more demands to build effective HR practices with the aim of enhancing employee performance, commitment, motivation and engagement. In the context of growing competition in the world, technological development, new demands of the workforce on their employers and organizational restructuring, employee engagement has become an important focus for researchers and practitioners alike (Kraus et al., 2023). There is a general consensus that employee engagement is a critical component to the success of any organisation as engaged employees are more committed, productive, innovative and willing to give more than their job requires. Companies that can establish a supportive, fair, development-focused workplace will be more successful at keeping top talent and deliver long-term results. A key focus of human resource management is on the development of high performance work practices as they have become an important field of human resource management because they emphasise on enhancing employee capabilities, motivation and opportunities for contribution (Alqudah et al., 2022). Such practices aim to improve the organisation's performance through building a competent, dedicated and motivated employees (Dahiya et al., 2025). The work practices generally associated with high performance include the recruitment and selection, training and development, performance appraisal, employee participation, compensation and rewards, and job security (Pal et al., 2025). These practices are not only administrative tools, they are also strategic practices that may be used to shape employee attitudes and behaviors (Pal et al., 2025). A positive psychological relationship with the organisation is more likely if the employees feel that their organisation invests in them, recognizes their efforts, treats them fairly, and offers a safe working environment.

The objective of the present study is to examine the role of selected human resource practice on the employee engagement and the influence of ethical decision making in employees' engagement in relation to high level of performance of human resource practices. The variables which are taken as independent variables in the present study are recruitment and selection, training and development, performance appraisal, employee participation, compensation and rewards, and job security. Employee engagement is the dependent variable and ethical decision making is the mediating variable. This model is significant because employee engagement could not only be related to the presence of HR practices, but also to how these practices are conducted with ethical climate and fairness(Bhatt et al., 2026). Recruitment and selection are among the practices that are critical for high performance in the organisation, since they shape the quality, values and suitability of the people who enter the organisation(Bhatt et al., 2026). The recruitment/selection systems used in an organisation ensures that the right people are recruited and have the necessary skills, knowledge, attitude and ethical approach. A clear, transparent recruitment process can help to make a good first impression with staff, fostering their confidence in the organisation. If employees feel that decision-making within the organisation is fair, based on merit and a match for the organisation, they'll perceive the organisation as ethical and professional. This perception can affect their engagement level because a sense of fairness and competency are known to increase employee engagement in organisations. Employee training and development also have a significant impact in increasing employee engagement. Training equips workers with the knowledge and skills they need to do their jobs well, whereas development is designed to prepare them for their future jobs and career advancement. Staff who are well-trained and have regular opportunities for development feel appreciated by their organisation. This sense of being supported can boost their motivation, confidence, and sense of belonging to the workplace. Training can also enhance ethical decision making by gaining employees' awareness of organisational values, ethical standards, professional responsibilities and appropriate behaviour(Kumar et al., 2025). Hence, training and development can have direct and indirect impact on employee engagement by enhancing ethical awareness and responsible decision making. Another important aspect of high-performance work practices is performance appraisal. A good performance management system gives employees feedback on their work, identifies ways to do better, and celebrates their successes. Performance appraisal is effective, however, to a large extent, it is dependent on the criteria of fairness, transparency, accuracy, and ethical judgment. Performance appraisals that are perceived as biased, unclear or unfair can lead to loss of trust, motivation and engagement among employees. However, if appraisal is carried out ethically and objectively, workers are likely to accept the feedback, develop and grow, and stay interested in the organisation's objectives. Thus, it is important to make ethical decisions in order to make sure that the performance appraisal has a positive effect on employee engagement. Another key element in fostering an engaged workforce is by involving employees in the process. Participation is the extent to which employees are involved in decision-making, problem solving, planning and organizational improvement processes(Kumar et al., 2026). The opportunities for employees to provide opinions and participate in decisions that impact their work make them feel respected and valued. This feeling of involvement translates into ownership, commitment and engagement. The inclusion of employees in decision-making also fosters ethical considerations as different viewpoints and dialogue can minimize arbitrary choices and promote transparency(Rathee et al., 2025). When people are free to get involved in decision making, this tends to be more fair, inclusive and has a sense of sharing responsibility. Compensation and rewards are one of the motivational tools that affect the attitudes and behaviour of employees. Staff want to be paid fairly, have benefits, incentives, recognition and rewards for their role in the success of the organisation. Compensation system that is fair, can make employees more satisfied, motivated, and engaged. But compensation and rewards must be given in a just and open manner. When employees feel that the rewards are not being shared fairly or based on favouritism then their confidence in the organisation may diminish. Ethical decision making will ensure compensation and rewards are centered on performance, contribution, responsibility and fairness. Thus, compensation and rewards can contribute to employee engagement if the system is viewed as fair and ethical. Another key determinant of employee engagement is job security. Staff who are confident in their employment are more likely to concentrate on their task, have longer term relationships with the organisation and to be able to work towards organisational goals. Uncertainty about the job can lead to stress, fear, less satisfaction and commitment(Arokiasamy et al., 2024). However, job security can build trust and loyalty among employees. It also conveys the organisation's moral duties to its employees. If workers feel the company is doing everything it can to keep them on board and is being fair with them when the company is uncertain, they will be more likely to stay with the organization. Job security can, therefore, enhance employee engagement and result in a work environment that is less stressful and more safe(Wolor et al., 2025). The proposed research model focuses on ethical decision making. Ethical decision-making can be defined as the act of making a decision that is fair, responsible, transparent and consistent with moral and organizational values. Ethical decision-making in HRM affects policy and practice design, communication of these policies and practices, and practice implementation(Chan & Lee, 2023). The highest performing work practices don't necessarily lead to a better

level of engagement if they are used unfairly or inconsistently. For instance, if selection is unfair, then there may be no benefit to recruitment; if training is provided for selected staff members only, staff members may feel they have not gained from the training; if appraisals are based on staff members' personal preferences, staff members may feel appraised unfairly; if rewards are given unevenly, staff members may feel as though they have not benefited from the rewards. Thus, ethical decision making is an important mechanism, which links HR practices with employee engagement. A policy could look good in theory, but if the employees do not feel that it is fair, just, honest and transparent, then it will not work. When employees feel that management is ethical, they are more likely to trust their organisation and be engaged in their work. Ethics may be a good way to link high-performance work practices and employee engagement, since they can contribute to developing a work environment of fairness, respect and accountability. The dependent variable of this study is employee engagement (Alrifae, 2026). It is the extent to which employees are physically, emotionally and cognitively engaged in their job or their company. Workers are active and enthusiastic, committed and motivated, focused and interested in helping the organisation to achieve success. They are more inclined toward being proactive, working well with others, providing back to customers and staying loyal to the company. Improving employee engagement is not only good for employees, but good for organisations as well, as it can lead to better service quality, organisational performance, innovation, and productivity. As such, organisations want to know what are the factors that can improve employee engagement. High performance work practices can be linked to the concept of perceived organisational support and employees' response. If organisations are effective in recruitment, training, appraisal, participation, rewards and job security, employees might feel the value and care of the organisation for their contribution and development (Grimmer & Bingham, 2013). This can lead to a sense of obligation, commitment and motivation on the part of the individual to contribute in return. But this positive response is very much dependent on the ethical nature of organisational decisions. When employees see unfairness or inconsistency, HR practices may have a dampening effect. As a result, moral decision-making is a reasonable intermediary in this relationship. This is an important study that links human resource practices, ethics and employee engagement in an integrated way. There are lots of HR practices that are implemented in many organisations to improve employee performance but there is a lack of attention to the ethical aspect of these practices (Prieto & Pérez-Santana, 2014). The current research demonstrates that employee engagement is not just a consequence of HR systems but also a consequence of ethical and fair decision-making process. The study explores the role of ethical decision-making as a mediating factor between high-performance work practices and employee engagement, thereby deepening the understanding of the relationship between employee engagement and high-performance work practices.

The study is also of practical importance to managers and human resource professionals. It can assist organisations in getting to know which HR practices work better to enhance engagement and the impact of moral decision making. For instance, executive engagement can be enhanced by providing clear recruitment practices, ongoing training, an equitable performance evaluation system, participative decision-making mechanisms, and fair compensation systems, as well as stable employment conditions. Meanwhile, managers need to make all the decisions about these practices ethically and uniformly. This can help to build trust among employees, decrease dissatisfaction, and foster a more engaged workforce. This research is also important in the modern workplace because workers these days are demanding fairness, respect, inclusion, development and ethical leadership. However, besides the payment and position, employees are motivated by organisation culture, ethical treatment, voice, recognition and security. So, an organisation that incorporates high-performance work practices with ethical decision-making will be more successful to develop good employee engagement. Ethical decision-making is a precondition for the effectiveness of support for both employees and the organisation as a whole in the form of high-performance work practices (Sukthankar et al., 2025). The selection and recruitment of employees, training and development, performance appraisal, employee participation, compensation and rewards, and employment security can have a positive impact on employee engagement if they are implemented fairly and transparently. This relationship is further enhanced by ethical decision-making by creating trust, fairness and accountability in the organisation. Thus the current research is focused on the effects of these 6 high-performance work practices on employee engagement with the mediating effect of ethical decision-making. This study's results will help in understanding the concept of strategic human resource management and give guidance for organizations who want to create an engaged and ethical workforce.

Objectives of the Study

1. To examine the impact of recruitment and selection, training and development, and performance appraisal on employee engagement.
2. To assess the role of employee participation, compensation and rewards, and job security in improving employee engagement.

3. To provide practical recommendations for organisations to improve employee engagement by strengthening high-performance work practices.

Literature Review and hypothesis development

High-performance work practices have received considerable attention in human resource management because of their role in improving employee attitudes, behaviour, and organisational outcomes (Rhee et al., 2020). These practices are designed to enhance employee skills, motivation, commitment, and opportunities for involvement. In the context of this study, high-performance work practices include Recruitment and Selection, Training and Development, Performance Appraisal, Employee Participation, Compensation and Rewards, and Job Security. These practices are examined in relation to employee engagement, while Ethical Decision-Making is considered as a mediating factor that explains how fair and responsible HR practices can strengthen employee engagement.

Employee engagement refers to the emotional, cognitive, and behavioural involvement of employees in their work and organisation. Engaged employees are usually committed, enthusiastic, motivated, and willing to contribute beyond their formal job roles (Başar, 2024). Literature suggests that employee engagement is influenced not only by individual motivation but also by organisational systems and management practices. When employees experience fair treatment, growth opportunities, recognition, participation, and security, they are more likely to develop a strong connection with the organisation. Therefore, high-performance work practices are important predictors of employee engagement.

Recruitment and Selection are key components of high-performance work practices because they determine the quality and suitability of employees entering the organisation (Arokiasamy et al., 2024). Effective recruitment helps organisations attract competent candidates, while fair selection ensures that employees are chosen based on merit, skills, knowledge, and organisational fit (Akpoiyibo, 2025). Literature highlights that transparent recruitment and selection practices can increase employee trust in the organisation from the beginning of employment. When employees believe that the organisation follows fair hiring procedures, they are more likely to perceive the organisation as ethical and professional. This perception can positively influence employee engagement because fairness in entry-level HR practices develops confidence and commitment among employees.

H1: Recruitment and Selection has a significant impact on Employee Engagement.

Training and Development are also important factors affecting employee engagement. Training improves job-related skills and helps employees perform their duties effectively, while development prepares employees for future roles and career growth (Dagnew Gebrehiwot & Elantheraiyan, 2023). Literature indicates that employees who receive regular training and development opportunities often feel valued and supported by their organisation. This organisational support increases their confidence, motivation, and willingness to remain engaged at work. Training can also improve Ethical Decision-Making by helping employees understand organisational values, professional conduct, ethical standards, and responsible workplace behaviour. Therefore, training and development may influence employee engagement both directly and indirectly through ethical decision-making.

H2: Training and Development has a significant impact on Employee Engagement.

Performance Appraisal is another major high-performance work practice that affects employee engagement (Chen et al., 2025). A fair and effective performance appraisal system provides feedback, recognises employee achievements, identifies areas for improvement, and supports career development. Literature shows that performance appraisal can improve engagement when employees perceive the system as transparent, objective, and developmental. However, if performance appraisal is biased, unclear, or unfair, it may reduce employee motivation and trust. Ethical Decision-Making is therefore important in the appraisal process because managers must evaluate employees honestly, fairly, and consistently. When appraisal decisions are made ethically, employees are more likely to accept feedback, improve their performance, and remain committed to organisational goals.

H3: Performance Appraisal has a significant impact on Employee Engagement.

Employee Participation refers to the involvement of employees in decision-making, problem-solving, planning, and organisational improvement activities (Galeazzo et al., 2021). Literature suggests that employee participation increases engagement by giving employees a sense of ownership and responsibility. When employees are allowed to express their ideas and contribute to decisions, they feel respected and valued (Kennedy & Brewer, 2012). This improves their psychological connection with the organisation. Participation also supports Ethical Decision-Making because it encourages openness, communication, and shared responsibility. In participative workplaces, decisions are less likely to be arbitrary because different opinions and perspectives are considered. Therefore, employee participation can strengthen both ethical decision-making and employee engagement.

H4: Employee Participation has a significant impact on Employee Engagement.

Compensation and Rewards are important motivational practices that influence employee engagement. Employees expect fair salaries, benefits, incentives, recognition, and rewards for their contribution to organisational success (Alrifae, 2026). Literature indicates that fair compensation systems can increase employee satisfaction, motivation, and commitment. Rewards also communicate that the organisation recognises and values employee effort. However, compensation and rewards must be managed ethically. If employees believe that rewards are distributed unfairly or based on favouritism, their engagement may decline. Ethical Decision-Making ensures that compensation and rewards are linked to performance, contribution, responsibility, and fairness. Therefore, compensation and rewards can positively influence employee engagement when employees perceive them as fair and transparent.

H5: Compensation and Rewards has a significant impact on Employee Engagement.

Job Security is another significant factor that contributes to employee engagement. Employees who feel secure in their jobs are more likely to focus on their responsibilities, develop long-term commitment, and contribute to organisational objectives (Arokiasamy et al., 2024). Literature suggests that job insecurity may create stress, anxiety, dissatisfaction, and lower engagement. In contrast, job security creates psychological safety and trust. When organisations provide stable employment conditions and treat employees fairly during periods of uncertainty, employees are more likely to remain loyal and engaged. Job security also reflects the ethical responsibility of the organisation toward its workforce. Therefore, job security can enhance employee engagement by reducing fear and strengthening employee confidence in the organisation.

H6: Job Security has a significant impact on Employee Engagement.

Ethical Decision-Making plays a central mediating role in the relationship between high-performance work practices and employee engagement. Ethical decision-making refers to making choices that are fair, transparent, responsible, and consistent with moral and organisational values. In human resource management, ethical decision-making affects how recruitment, training, appraisal, participation, rewards, and job security practices are designed and implemented (Lee et al., 2025). Even strong HR practices may fail to improve engagement if they are applied unfairly or inconsistently. Recruitment may lose credibility if selection is biased, training may create dissatisfaction if opportunities are unequal, appraisal may reduce motivation if it is unfair, and rewards may damage trust if they are distributed without transparency.

The mediating role of **Ethical Decision-Making** is important because employees respond not only to HR practices but also to the fairness and integrity behind those practices. When employees perceive that management decisions are ethical, they are more likely to trust the organisation. This trust can increase their emotional attachment, motivation, and willingness to contribute. Ethical decision-making therefore strengthens the effect of high-performance work practices on employee engagement by creating a workplace environment based on fairness, respect, accountability, and transparency.

The relationship between high-performance work practices and employee engagement can also be understood through the idea of perceived organisational support. When organisations invest in fair Recruitment and Selection, continuous Training and Development, transparent Performance Appraisal, Employee Participation, equitable Compensation and Rewards, and Job Security, employees may feel that the organisation values their contribution (Ateeq et al., 2025). This feeling encourages employees to respond with higher commitment and engagement. However, the positive effect of these practices depends on whether employees perceive them as fair and ethical. If HR practices are implemented inconsistently, employees may experience distrust, dissatisfaction, and lower engagement. Therefore, Ethical Decision-Making acts as a mechanism that explains how high-performance work practices lead to employee engagement.

H7: Ethical Decision-Making mediates the relationship between Recruitment and Selection and Employee Engagement

H8: Ethical Decision-Making mediates the relationship between Training and Development and Employee Engagement

H9: Ethical Decision-Making mediates the relationship between Performance Appraisal and Employee Engagement

H10: Ethical Decision-Making mediates the relationship between Employee Participation and Employee Engagement

H11: Ethical Decision-Making mediates the relationship between Compensation and Rewards and Employee Engagement

H12: Ethical Decision-Making mediates the relationship between Job Security and Employee Engagement

Overall, the literature indicates that Recruitment and Selection, Training and Development, Performance Appraisal, Employee Participation, Compensation and Rewards, and Job Security are important dimensions of high-performance work practices that can improve employee engagement. However, these practices are most effective when they are supported by Ethical Decision-Making. Ethical decision-making ensures fairness, transparency, and trust in the implementation of HR practices. Therefore, this study assumes that high-performance work practices influence employee

engagement directly and also indirectly through ethical decision-making. The literature supports the need to examine ethical decision-making as a mediating variable because it explains how employees interpret and respond to organisational HR practices.

Methodology

The quantitative, cross-sectional research design was used in this study to investigate the influence of high-performance work practices on employee engagement with the mediating role of ethical decision making. The work practices researched were found to be of high performance, which include recruitment and selection, training and development, performance appraisal, employee participation, compensation and rewards, and job security. Ethical decision-making was included as the mediator and employee engagement was treated as the dependent variable. Staff were surveyed using a structured questionnaire. The items of the questionnaire were rated with a Likert scale ranging from strongly disagree (1) to strongly agree (5). All of the eight constructs proposed in the conceptual model were measured using questionnaire items. The questionnaire was reviewed before the main data collection to check the comprehensibility of the items and to make sure that they are relevant to the study objectives and consistent. 427 completed questionnaires were collected and used in the overall analysis. The respondents were told about the purpose of the study and their participation was voluntary. The anonymity and confidentiality of the data collecting process was maintained. Questionnaires with not all the responses or responses that were not usable were removed prior to final analysis. The analysis of the data was done using the partial least squares structural equation modelling technique of the SmartPLS software. Given the multiple latent constructs and multiple direct and indirect relationships studied, PLS-SEM was found to be suitable. The analysis was performed in 2 phases: measurement model and structural model. Therefore, the proposed relationships in the study were tested using partial least squares structural equation modeling. The validity of the measurement model was evaluated using the indicators' reliability, internal consistency reliability, convergent validity, and discriminant validity. The reliability of the indicators was assessed using outer loadings. Internal consistency reliability was examined using Cronbach's alpha, composite reliability rho_a and composite reliability rho_c. The average variance extracted was used for convergent validity and the heterotrait–monotrait ratio and the Fornell–Larcker criterion for the discriminant validity. The reliability and validity of the measurement model was confirmed before the structural model was assessed. The direct relationships between high-performance work practices and employee engagement were tested by computing path coefficients, t-statistics and p-values. Bootstrapping was used to assess the statistical significance of the hypothesised relationships. Indirect effects were additionally noted to explore if the relationships between the six high performance work practices and employee engagement were fully accounted for when at the same time ethical decision-making was examined as a mediation variable. The p-value of less than 0.05 were regarded as statistically significant.

Measurement Model

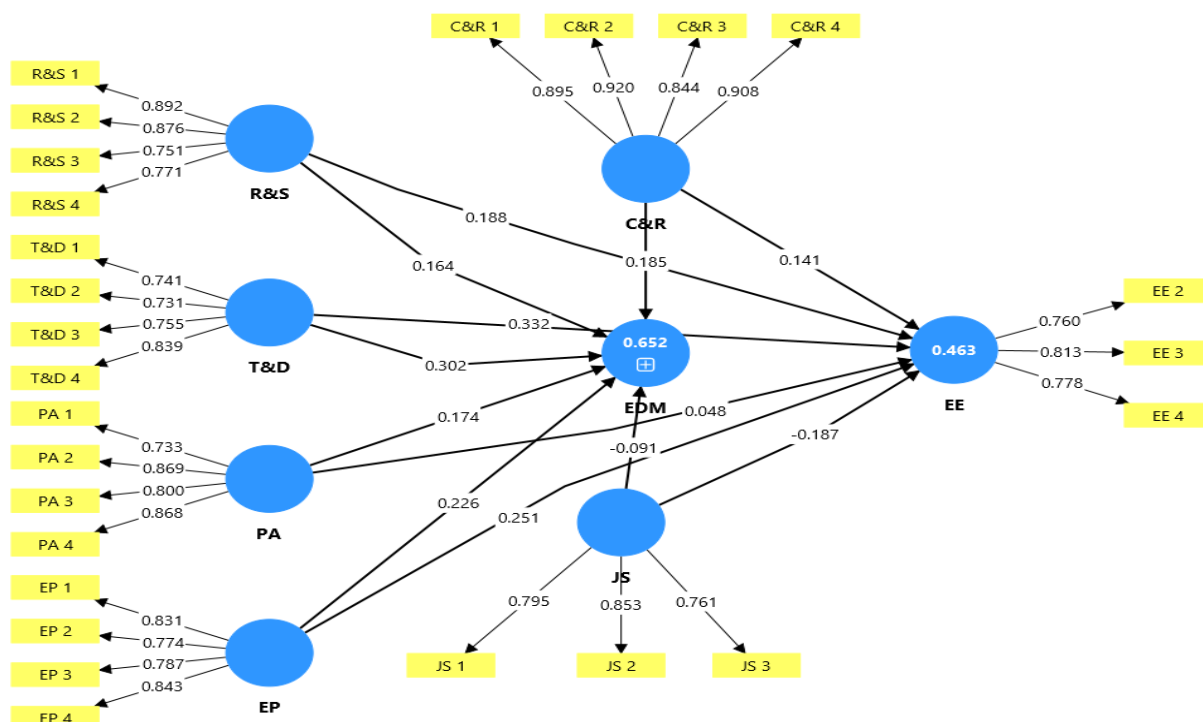


Figure 1: Measurement Model

Table 1: Outer Loading

	C&R	EDM	EE	EP	JS	PA	R&S	T&D
C&R 1	0.895							
C&R 2	0.920							
C&R 3	0.844							
C&R 4	0.908							
EDM 1		0.885						
EDM 2		0.904						
EDM 3		0.856						
EDM 4		0.896						
EE 2			0.760					
EE 3			0.813					
EE 4			0.778					
EP 1				0.831				
EP 2				0.774				
EP 3				0.787				
EP 4				0.843				
JS 1					0.795			
JS 2					0.853			
JS 3					0.761			
PA 1						0.733		
PA 2						0.869		
PA 3						0.800		
PA 4						0.868		
R&S 1							0.892	
R&S 2							0.876	
R&S 3							0.751	
R&S 4							0.771	
T&D 1								0.741
T&D 2								0.731
T&D 3								0.755
T&D 4								0.839

Table 1 shows that all outer loadings range from 0.731 to 0.920, exceeding the recommended threshold of 0.70. C&R2 has the highest loading (0.920), while T&D2 has the lowest (0.731)(Bagozzi et al., 2016). Therefore, all items demonstrate satisfactory indicator reliability and adequately measure their respective constructs, so no item needs to be removed.

Table 2: Reliability and Validity

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
C&R	0.914	0.917	0.940	0.796
EDM	0.908	0.908	0.936	0.784
EE	0.842	0.804	0.827	0.614
EP	0.824	0.828	0.883	0.655
JS	0.734	0.753	0.845	0.646
PA	0.835	0.839	0.891	0.672
R&S	0.843	0.864	0.894	0.681
T&D	0.767	0.772	0.851	0.590

The results (table 2) show satisfactory reliability and convergent validity for all constructs. Cronbach's alpha, rho_a, and rho_c values exceed the recommended threshold of 0.70, while all AVE values are above 0.50. C&R demonstrates the strongest reliability and convergent validity, whereas T&D records the lowest AVE (0.590), which remains acceptable (Tanveer et al., 2025). Therefore, all constructs are reliable and adequately explain the variance in their indicators.

Table 3: Discriminant Validity (HTMT)

	C&R	EDM	EE	EP	JS	PA	R&S	T&D
C&R								
EDM	0.714							
EE	0.655	0.766						
EP	0.714	0.781	0.711					
JS	0.607	0.613	0.479	0.826				
PA	0.686	0.766	0.661	0.806	0.738			
R&S	0.670	0.694	0.650	0.705	0.666	0.754		
T&D	0.669	0.821	0.819	0.792	0.599	0.737	0.575	

Table 3 confirms satisfactory discriminant validity because all HTMT values range from 0.479 to 0.826, remaining below the recommended threshold of 0.90. The highest value is between JS and EP (0.826), while the lowest is between JS and EE (0.479) (Voorhees et al., 2016). Thus, all constructs are empirically distinct and measure separate concepts.

Table 4: Discriminant Validity (Fornell and Larcker)

	C&R	EDM	EE	EP	JS	PA	R&S	T&D
C&R	0.892							
EDM	0.652	0.885						
EE	0.530	0.617	0.784					
EP	0.623	0.677	0.546	0.809				
JS	0.515	0.518	0.372	0.792	0.804			
PA	0.602	0.671	0.512	0.687	0.599	0.820		
R&S	0.596	0.616	0.510	0.594	0.542	0.649	0.825	

T&D	0.565	0.688	0.601	0.633	0.470	0.590	0.476	0.768
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Table 4 confirms satisfactory discriminant validity, as each construct's square root of AVE (diagonal values: 0.768–0.892) exceeds its correlations with other constructs. The strongest correlation is between EP and JS (0.792), but it remains below their respective diagonal values of 0.809 and 0.804 (Voorhees et al., 2016). Therefore, all constructs are sufficiently distinct from one another.

Table 5: Results of the structural model evaluation.

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
R&S -> EE	0.186	0.191	0.065	2.842	0.005
T&D -> EE	0.333	0.331	0.078	4.255	0.000
PA -> EE	0.047	0.042	0.066	0.703	0.482
EP -> EE	0.256	0.261	0.082	3.102	0.002
C&R -> EE	0.141	0.141	0.074	1.892	0.059
JS -> EE	-0.194	-0.189	0.063	3.076	0.002

The hypothesis testing results indicate that Recruitment and Selection has a significant positive effect on Employee Engagement ($\beta = 0.186$, $t = 2.842$, $p = 0.005$); therefore, the related hypothesis is accepted. Training and Development also has a significant positive effect on Employee Engagement ($\beta = 0.333$, $t = 4.255$, $p < 0.001$), showing the strongest positive effect; thus, its hypothesis is accepted. Performance Appraisal has a positive but statistically insignificant effect ($\beta = 0.047$, $t = 0.703$, $p = 0.482$); therefore, its hypothesis is rejected. Employee Participation significantly and positively affects Employee Engagement ($\beta = 0.256$, $t = 3.102$, $p = 0.002$); hence, its hypothesis is accepted. Compensation and Rewards has a positive but insignificant effect at the 5% significance level ($\beta = 0.141$, $t = 1.892$, $p = 0.059$); therefore, its hypothesis is rejected. Finally, Job Security has a significant negative effect on Employee Engagement ($\beta = -0.194$, $t = 3.076$, $p = 0.002$). Therefore, if the hypothesis predicted a positive effect, it is rejected because the observed relationship is significant but negative.

Table 5: Mediating effect of Ethical Decision-Making.

Construct	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
R&S -> EDM -> EE	0.102	0.100	0.035	2.882	0.004
T&D -> EDM -> EE	0.188	0.206	0.067	2.818	0.005
PA -> EDM -> EE	0.108	0.111	0.037	2.884	0.004
EP -> EDM -> EE	0.140	0.131	0.055	2.563	0.010
C&R -> EDM -> EE	0.113	0.108	0.042	2.663	0.008
JS -> EDM -> EE	-0.058	-0.058	0.034	1.694	0.090

The results show (in table) that Ethical Decision-Making (EDM) significantly mediates the relationships between Recruitment and Selection ($\beta = 0.102$, $t = 2.882$, $p = 0.004$), Training and Development ($\beta = 0.188$, $t = 2.818$, $p = 0.005$), Performance Appraisal ($\beta = 0.108$, $t = 2.884$, $p = 0.004$), Employee Participation ($\beta = 0.140$, $t = 2.563$, $p = 0.010$), and Compensation and Rewards ($\beta = 0.113$, $t = 2.663$, $p = 0.008$) and Employee Engagement. Therefore, these five mediation hypotheses are accepted, with Training and Development having the strongest indirect effect. However, Ethical Decision-Making does not significantly mediate the relationship between Job Security and Employee Engagement ($\beta = -0.058$, $t = 1.694$, $p = 0.090$); therefore, this mediation hypothesis is rejected.

Discussion

This study examined the influence of six high-performance work practices on employee engagement and assessed whether ethical decision-making mediates these relationships. The measurement-model results established adequate indicator reliability, internal consistency, convergent validity, and discriminant validity. Thus, the constructs were distinct and reliable enough to assess the relationships between them proposed in the model. The results indicate that high performance work practices do not have a consistent impact on employees' engagement. Some practices had direct impacts while others had impacts mainly in the realm of ethical decision making (Lim et al., 2023). The direct effect of training and development on employee engagement was the highest among the positive direct effects with $\beta = 0.333$, $p < 0.001$, which supported H2. The results highlight the significance of providing employees with chances to develop new skills, enhance job proficiency, and groom them for career growth—especially when it comes to keeping them engaged. The organisation's investment in their development can come across as an indicator to employees that the organisation values their contribution and their future potential (Vasumathi et al., 2025). These thoughts can boost confidence, drive, and the desire to try hard at work. Training and development also had the strongest significant indirect effect on ethical decision making ($\beta = 0.188$, $p = 0.005$), thus supporting H8. Therefore, development projects seem to foster engagement in two ways: by augmenting the capabilities of their employees and by enhancing the moral dimension of their business decisions. Employees and managers may be better equipped to make transparent and responsible decisions when they are trained with organisational values, professional responsibilities, fairness and ethical standards (Serang et al., 2024). With regards to the effect of recruitment and selection on employee engagement, the result shows the positive effect of the variable with a β of 0.186 and p value of 0.005, which supports the H1. While recruitment and selection are primarily undertaken at the initiation of employment, their impact can be felt because of employees' perceptions of organisational competence, merit and procedural fairness. Open selection processes and qualifications-based decision-making can help build a foundation of trust from the beginning. This relationship was supported by ethical decision-making, which was found to be significant by itself ($\beta = 0.102$, $p = 0.004$) as it supported H7. Complementary direct and indirect effects suggest that the job and employee fit that occurs as a result of recruitment and selection, but also the message that the recruitment and selection process is fair and based on ethical considerations, is what contributes to engagement. The other important predictor of employee engagement was employee participation ($\beta = 0.256$, $p = 0.002$), which led to the acceptance of H4. It shows that employee participation in decision making, problem solving and workplace improvement can lead to greater employee satisfaction with being part of the organization and being part of the organization. When workers' opinions are sought out and they have some influence over issues that impact their work, they are more likely to be engaged (Fiaz & Muhammad Fahim, 2023). In addition, the indirect effect via ethical decision-making ($\beta = 0.140$, $p = 0.010$) is significant, which further supports H10. Participation can help to develop ethical decision-making skills through being open, enabling the exchange of ideas and opinions, and minimizing the risk of the manager's arbitrary decision-making. As a result, the impact of participation seems to be through empowerment as well as through increased fairness and transparency. However, the results showed that there was no significant direct effect of performance appraisal on employee engagement, thus failing to support H3 ($\beta = 0.047$, $p = 0.482$). Having an appraisal system, however, does not necessarily lead to increased engagement. When appraisal is seen as an administrative task or when the criteria, feedback and implications of appraisal are not clear, employees may not respond in a positive way. The results confirmed the hypothesis of H9, in which ethical decision-making was significantly influenced by performance appraisal indirectly by the mediation of the attitude of ethical behaviour ($\beta = 0.108$, $p = 0.004$). This indirect-only pattern suggests that the appraisal process has an impact on engagement when appraisal-related decisions seem objective, consistent, transparent, and free from personal bias. It is not just important to have a formal appraisal system; it is important to implement it in an ethical way. The direct positive influence of compensation and rewards on employee engagement was also statistically insignificant at the 5% level ($\beta = 0.141$, $p = 0.059$) and therefore was rejected as a hypothesis in this study, H5. The outcome indicated that monetary and non-monetary incentives might not always result in participation. Compensation can be seen by the employee as a simple job requirement, and not something that will bring them more emotional or cognitive involvement (Ghani et al., 2023). The relationship between compensation/rewards and employee engagement

was, however, partially mediated by ethical decision making as the relationship is significant ($\beta = 0.113$, $p = 0.008$), which supports H11. It would seem that employees react more positively when reward decisions are "known and fair" and linked to a clear communication of criteria. Thus, equity in the distribution of rewards could be more important than the rewards themselves.

The most surprising one is that of job security. Contrary to the positive relationship suggested in H6, job security had a significant negative impact on employee engagement ($\beta = -0.194$, $p = 0.002$). There are a few possible reasons for this outcome. For some workers, the perceived security of jobs may lower their sense of urgency, effort or performance pressure, especially if the job's future is not tightly linked to the worker's contributions. Job security can also be a sign of a lack of mobility, promotion and meaningful work in an inflexible job structure (Boccoli et al., 2024). The negative coefficient can be due to the parallel inclusion of closely related predictors in the structural model. The discriminant-validity analysis of the association was comparatively high for employee participation and job security, which might have influenced the direction of the job-security coefficient. This finding needs therefore to be taken with a pinch of salt and needs to be explored in other organisational contexts. There was no significant mediation effect for ethical decision making between job security and employee engagement, which led to the rejection of H12 ($\beta = -0.058$, $p = 0.090$). Job security is more likely to be affected by economic conditions, employment contracts, organisational restructuring and labour market conditions than by the perception of ethical decision making by staff, unlike other types of appraisal, rewards, recruitment, training and participation. While ethical management practices can help to enhance the communication of employment decisions, they may not be enough to change job security into greater engagement. The results overall confirm the importance of ethical decision making as a link between most of the high performance work practices and employee engagement. In five of the six relationships analysed it played a mediating role. The results for performance appraisal and compensation and rewards were most significant for the indirect pathways, but not for the direct pathways. The results of this research suggest that formal HR practices cannot be relied upon to enhance engagement just for the sake of being implemented. How effective they are relying greatly on how they are perceived by employees as being fair, transparent, consistent, and responsible. In practice, there are clear links between engagement and continuous training, active involvement of employees and transparent recruitment processes, which should therefore be the focus of organisations. Performance appraisal and reward allocation procedures should also be enhanced to ensure they are conducted in an ethically sound way, such as by applying clear criteria, keeping a record of decisions, offering employees feedback on their performance and creating procedures for reviewing disputed outcomes. Job security policies should be aligned with responsibility, career growth, and real performance standards to avoid the unintended consequence that a job is easier to keep meaning that there is less motivation.

Conclusion

This study investigated how the six high-performance work practices affected employee engagement and how ethical decision-making mediated this relationship. The results reveal that these practices are not equally correlated with employees' engagement. Employee participation and recruitment and selection, and training and development were the top two positive drivers of engagement. The findings suggest that a focus on employee skills, consultation on organizational decisions and the use of transparent and merit-based hiring processes are associated with increased employee involvement. There was no statistically significant direct relationship between performance appraisal and compensation/rewards and employee engagement. Indirectly, however, both practices had definite effects in the area of ethical decision making. This indicates that having appraisal and reward schemes in place is not enough to motivate staff. They are effective if decisions are objective, fair, based on transparency, and free from bias. Ethical decision-making also significantly mediated the effects of recruitment and selection, training and development, and employee participation on engagement. In general, mediation was supported in five of the six practices, thus providing evidence that ethical decision-making is a key way in which high performance work practices can benefit employee engagement. Job security had a significant (negative) direct impact and had no significant indirect impact on ethical decision-making. This is an unexpected discovery that implies that job stability doesn't always lead to job engagement, especially if it's not accompanied by accountability, career advancement, meaningful work, or performance demands. However, this correlation needs to be considered with some caution and needs to be explored in more detail in different organisational and employment settings. The study also finds that the adoption of high performance work practices is not enough to ensure employee engagement; the ethics with which they are applied are also key. Organisations must focus on ongoing training, engagement and open recruitment practices, and include fairness, consistency, accountability, and openness in their human resource systems. Performance appraisal and reward decisions need to be communicated clearly with constructive feedback and there needs to be a process in place for addressing the outcomes if they are a matter of disagreement. Career development and meaningful performance expectations should be linked to job security.

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